



William Lawrence Muckelroy PC
 A Professional Corporation
 1901 N. Olden Avenue Ext., Suite 3A
 Trenton, New Jersey 08618
 (609) 882-2111
 William L. Muckelroy
 Registration No. 26,961

In re Patent Application :
 of Leo Kayser III :
 Serial No. 09/882,007 :

U.S. PATENT AND TRADEMARK OFFICE

Examiner: Ojo O. Oyebisi

For: Automated Matching System for :
 Borrowers and Savers :

Art Unit: 3628

Priority Date: 06/20/2000 :

I hereby certify that this correspondence is being deposited today with the
 United States Postal Service as first class mail in an
 envelope addressed to
 Mail Stop Fee Amendment
 The Honorable Commissioner of Patents and Trademarks
 P.O. Box 1450
 Alexandria, VA 22313-1450

I Irene M. Christine

name

8/18/06

Date

Irene M. Christine
 signature

Mail Stop Fee Amendment
 The Honorable Commissioner of Patents and Trademarks
 P.O. Box 1450
 Alexandria, VA 22313-1450

DECLARATION UNDER 37 CFR 1.131 ESTABLISHING CONCEPTION AND REDUCTION TO PRACTICE OF INVENTION TO REMOVE U.S. PATENT NO. 6,233,566 ISSUED TO LEVINE ET AL. WHICH ISSUED ON MAY 15, 2001 BASED ON AN APPLICATION FILED MAR. 18, 1999

Sir:

I, Leo Kayser III, Esq. do hereby declare, upon personal knowledge, that:

1. I am the sole inventor and the applicant named in the above captioned patent application.
2. On December 20, 1999 I first contacted my patent attorney of record herein in writing about the probability of obtaining a patent on the invention that is now disclosed in this application no. 09/882,007 filed on June 15, 2001 and my provisional application no. 60/212,718 filed on June 20, 2000 from which I claim a priority filing date.
3. Attached hereto as Attachment #1.0 is a true copy of my above referenced provisional

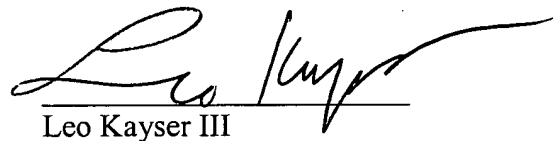
application incorporating a full text description of my invention captioned "BAMACORP" (attachment B). Attachment B of the provisional application, which describes the novel process in detail was written by me in 1985 and the text printed in November, 1985.

4. The cover page of Attachment B of the provisional was reproduced from a fax of the document to my attorney of record. That fax deleted the date of "November, 1985" that appears at the bottom of the cover page of the actual document. Attached as Exhibit #2.0 is a true copy of the cover page bearing "November, 1985", the date the page was written.
5. I conceived my invention prior to December 14, 1984. It was summarized in a document, which is part of an assignment, and marked EXHIBIT A. This assignment was prepared by me and executed by me on December 14, 1984. A true copy of this document entitled "Form of Offer to Purchase Shares" consisting of two pages is attached hereto as Exhibit #3.0.
6. I subsequently developed the novel process for Bamacorp. Bamacorp treated the novel process as a trade secret and protected it as such using various confidentiality and non-disclosure agreements as I worked with a contract software developer to further refine the invention up to and beyond filing of the patent applications.
7. On or about May 25, 1995 Bamacorp entered into a business arrangement with Kurt Flamer-Caldera of a group named Pragmatics to further develop and market the novel process. Attached hereto as Exhibit #4.0 is a four-page hand written description of my invention made in 1995 and entitled "An Automated High Profit Matching System for Borrowers & Savers". Kurt Flamer-Caldera of Pragmatics faxed it to me on May 25, 1995.

8. Exhibit B of the provisional was part of a non-disclosure agreement between Bamacorp and Joseph Altshchuler dated August 1, 1996 related to software development and is referred to therein as a "Memorandum dated November 1985". A true copy of this agreement is attached hereto as Attachment #5.0.
9. Upon information and belief, the attached documents show a completion of the invention in this country before the filing date of the application on which the Levine et al domestic patent issued coupled with diligent advancement of the novel process by me and Bamacorp from prior to the priority date of the Levine et al. patent to a subsequent reduction to practice and to the filing of this application.

Attachments: #1.0 to #5.0

The declarant, Leo Kayser III, further states that the above statements were made with the knowledge that willful false statements and the like are punishable by fine and/or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that any such willful false statement may jeopardize the validity of this application or any patent resulting therefrom.



Leo Kayser III

Dated: August 16, 2006

SUBSTITUTE COMBINED DECLARATION AND POWER OF ATTORNEY IN
ORIGINAL APPLICATION

As the below named inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below next to my
name:

that

I believe that I am the original, sole and first inventor of the invention entitled:
AUTOMATED MATCHING SYSTEM FOR BORROWERS AND SAVERS described
and claimed in the attached application including the claims, that I have reviewed, read,
and understood the contents of the application, drawing, and amendments, that I do not
know and do not believe the same was ever known or used in the United States of
America before my invention thereof, or patented or described in any printed publication
in this country before my invention thereof or more than one year prior to this
application, that same was not in public use or on sale in the United States of America
more than one year prior to this application, that the invention has not been patented or
made the subject of any inventor's certificate issued before the date of this application in
any country foreign to the United States of America on an application filed by me or my
legal representatives or assigns more than twelve months prior to this application, that I
acknowledge my duty to disclose information of which I am aware which is material to
the examination of this application in accordance with CFR 1.56 (a), and that no
application for patent or inventor's certificate on this invention has been filed in any

country foreign to the United States of America prior to this application by me or my legal representatives or assigns.

I hereby appoint the following to prosecute this application to transact all business in the U.S. Patent and Trademark Office connected therewith: William L. Muckelroy, Registration No. 26,961.

Direct all telephone calls to William L. Muckelroy at (609) 882-2111

Direct all correspondence to:

William L. Muckelroy, Esq., P.C.

Ewing Professional Park

1901 N. Olden Avenue Ext., Suite 3A

Trenton, New Jersey 08618

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful, false statements may jeopardize the validity of the application or any patent issued thereon.

FULL NAME OF INVENTOR: Leo Kayser III

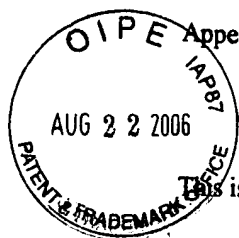
INVENTOR'S SIGNATURE

DATE: 7/10/06

RESIDENCE: 480 Park Avenue, Apartment 2F, New York, New York 10022

CITIZENSHIP: United States of America

ATTACHMENT #1.0



PROVISIONAL APPLICATION COVER SHEET

This is a request for filing a PROVISIONAL APPLICATION under 37 CFR 1.53(b)(2)

Docket Number		Type a plus sign (+)	
2110/12/99		in this box +	
INVENTOR (S)/APPLICANT (S)			
LAST NAME	FIRST NAME	MIDDLE INITIAL	RESIDENCE (CITY AND EITHER STATE OR COUNTRY)
Kayser	Leo	III	480 Park Avenue, Apt 2F, New York, NY 10016
TITLE OF THE INVENTION (280 characters max)			
An Automated Matching System for Borrowers and Savers			
CORRESPONDENCE ADDRESS			
WILLIAM LAWRENCE MUCKELROY PC A PROFESSIONAL CORPORATION Counselors and Attorneys at Law EWING PROFESSIONAL BUILDING, SUITE 3A 1901 NORTH OLDEN AVENUE			
STATE	NJ	ZIP CODE	08618-2101
		COUNTRY U.S.A.	
ENCLOSED APPLICATION PARTS (check all that apply)			
<input checked="" type="checkbox"/> Specification	Number of pages	32	<input checked="" type="checkbox"/> Small Entity statement
<input checked="" type="checkbox"/> Drawing(s)	Number of Sheets	3	<input checked="" type="checkbox"/> Other (specify) title page: prior art statement
METHOD OF PAYMENT (CHECK ONE)			
<input checked="" type="checkbox"/> A check or money order is enclosed to cover the provisional filing fees		PROVISIONAL	
<input type="checkbox"/> The Commissioner is hereby authorized to charge		FILING FEE	
filing fees and credit Deposit Account Number		75.00	

The invention was made by an agency of the U.S. Government or under a contract with an agency of the U.S. Government

☒ No.☐ Yes, the name of the U.S. Government Agency and the Government contract number are: _____

Respectfully submitted,

SIGNATURE

Date

June 14, 2000

TYPED or PRINTED NAME William Lawrence Muckelroy, Esq. REGISTRATION NO. 26,961

☐ Additional inventors are being named on separately numbered sheets attached hereto

PROVISIONAL APPLICATION FILING ONLY

Burden Hour Statement: This form is estimated to take 2 hours to complete. Time will vary depending upon the needs of the individual case. Any comments on the amount of time you are required to complete this form should be sent to the Office of Assistance and Enhancement Division, Patent and Trademark Office, Washington, D. C. 20231 and to the Office of Information and Regulatory Affairs., Office of Management and Budget (Project 0651-0037), Washington, DC 20503. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS SEND TO Assistant Commissioner of Patents, Washington, DC 20231

**Provisional Patent Application
Pursuant to 37 CFR Section 1.53(c)**

**For Filing in the
United States Patent
And Trademark Office**

Entitled

**AN AUTOMATED MATCHING SYSTEM FOR
BORROWERS AND SAVERS**

By

**Leo Kayser III, a U.S. Citizen
Sole Inventor**

Assignee: None

WILLIAM LAWRENCE MUCKELROY P.C.
A Legal Services Professional Corporation
Ewing Professional Building, Suite 3A
1901 North Olden Avenue
Trenton, New Jersey 08618
(609) 882-2111
(609) 883-3322 fax
Email PATENT.LAWYERS@PRODIGY.NET
Attorneys for Applicant

**SPECIFICATION
SUBMITTED PURSUANT TO AND IN COMPLIANCE WITH
35 U.S.C. § 112.**

5 SUMMARY OF THE INVENTION

I. Description of each of the different essential elements shown in the drawings:

10 BRIEF DESCRIPTION OF THE DRAWINGS

Fig. 1 is a block diagram showing the system components and the activity of matching and settlement of borrowers and savers.

Fig. 2 is a block diagram showing the system components and the quarterly payment of interest by the specific borrowers' institution to the specific savers' institution.

Fig. 3 is a block diagram showing the system components and the activity at maturity of the investment.

II. The Utility of the System and Method:

The novel invention provides an automated transaction service that matches savers and borrowers throughout the world.

III. The function or utility of the invention:

The novel invention creates a more efficient mechanism for savers and borrowers to interact. Depository institutions, representing savers, will compete on an equal basis for funds, regardless of size or geographic location while preserving the benefits of their traditional customer relationships. At the same time, the novel invention substantially reduces the liquidity risks associated with current banking practices.

IV. Disclosure of Related Art (See, also, Draft of Form 1449 Prepared for Formal- Exhibit C):

The closest reference uncovered to the present invention is not prior to the present invention, but was published on October 12, 1999, as United States Patent 5,966,699. This reference to Zandi is entitled System and Method For Conducting Loan Auction Over Computer Network, and shows a computer connected to the Internet which performs the following functions: (1) receiving a loan application from a prospective borrower; (2) providing the prospective borrower's application to a loan authorizer for approval; (3) providing advice on approval of the application; (4) entering the application in an accessible database wherein (5) lenders may submit bids on the provision of the financing, and the borrower may accept a bid.

In this reference, however, it does not appear that a borrower deals with a stand-alone institution, but rather an agency that offers to help the borrower seek financing.

5 **V. The novel invention presented herein is an improvement or advantage over the prior art products or methods:**

The novel improvement is apparent from the following informal description and full disclosure of the invention when read in conjunction with the prior art cited in Exhibit C, said patent references being incorporated herein by reference.

10 **DESCRIPTION OF THE PREFERRED EMBODIMENT**

15 The system of the novel invention can be accessed through dedicated computer terminals provided to each member institution, or, with sufficient security, over the Internet with general purpose computers. With dedicated devices, each terminal is linked to a state-of-the-art transaction based communication network. Through the novel system, savers' institutions, that is, depositor organizations, identify the dollar or other currency amount of funds available for investment and submit certain information concerning acceptable terms, including a required rate of return (interest) and maturity date.

20 At the same time, borrowers' institutions seeking to borrow funds against the security of loans made by each borrowers' institution, would identify the dollar amount of financing desired, as well as the interest and term.

25 A central computer-based matching component receives this information and matches the bids and asked prices in fixed dollar or other currency amounts with appropriate conversion rates. It then issues confirmation messages. Cash settlements, on behalf of the borrowers' institutions and savers' institutions, are accomplished through a clearinghouse institution. Upon receipt of the confirmation from the matching component
30 computer, a clearinghouse institution issues to the savers through the savers' institution a Certificate, which is a prime rated negotiable promissory note, either with a fixed interest rate or discounted, guaranteed by the borrowers' institution and also guaranteed by a bank of good international repute as well as the savers' institution, collateralized by the borrowers' loan, and receives a transfer of the Principal, representing the funds invested
35 by the savers.

40 As evidenced by the guarantees on the above-mentioned Certificate, repayment of the Principal and interest to the saver is primarily guaranteed by the borrowers' institution. Repayment is secondarily guaranteed by a bank of good international repute. The savers' institution is a third guarantor to the saver on the Principal and interest payable on the Certificate. The second and third party guarantees, however, are contingent, and only the borrowers' institution, as the primary guarantor, must maintain a reserve.

45 Each of the transacting organizations can take a fee for its participation, and all such fees are paid deducted from the Principal by the clearinghouse institution and paid

to the transacting organizations. The net or Discounted Principal is then transferred to the borrowers' institution and then to the borrower.

5 During the term of the investment, the borrowers' institution will service the loan it has made, and collect repayments of its loans toward the Principal and interest. With respect to the Principal, the borrowers' institution will have unfettered use of accrued monthly payments swept into a certificate sterilization account which is a non-interest bearing deposit account. With respect to the interest, the borrowers' institution will make
10 quarterly payment of accrued interest to the clearinghouse institution, which will then transfer the payment to the savers' institution, against Certificates bearing a fixed interest rate.

At the conclusion of the term of the investment, the borrowers' institution transfers the full Principal, together with any additional accrued interest to the
15 clearinghouse bank. The clearinghouse institution transfers these funds on to the savers' institution in return for the surrender of the Certificate, and the clearinghouse institution notifies all transacting parties of the redemption.

20 **VI. Other Documents Attached and Incorporated in this Provisional Application:**

Exhibit A are the Drawing Figures noted above.

25 **Exhibit B** is a document entitled "BAMACORP", describing the novel invention in even greater detail. (Bamacorp[™] is an unregistered trademark owned by the inventor.) Figs. 1 – 3 of the disclosure are the same as those incorporated in Exhibit B. These figures are set out separately as drawings for full conformity with 35 USC §111(b).

30 **Exhibit C** is a draft of a form 1449 listing identifying data of related prior art patents known to date and incorporated herein.

5

10

Exhibit A

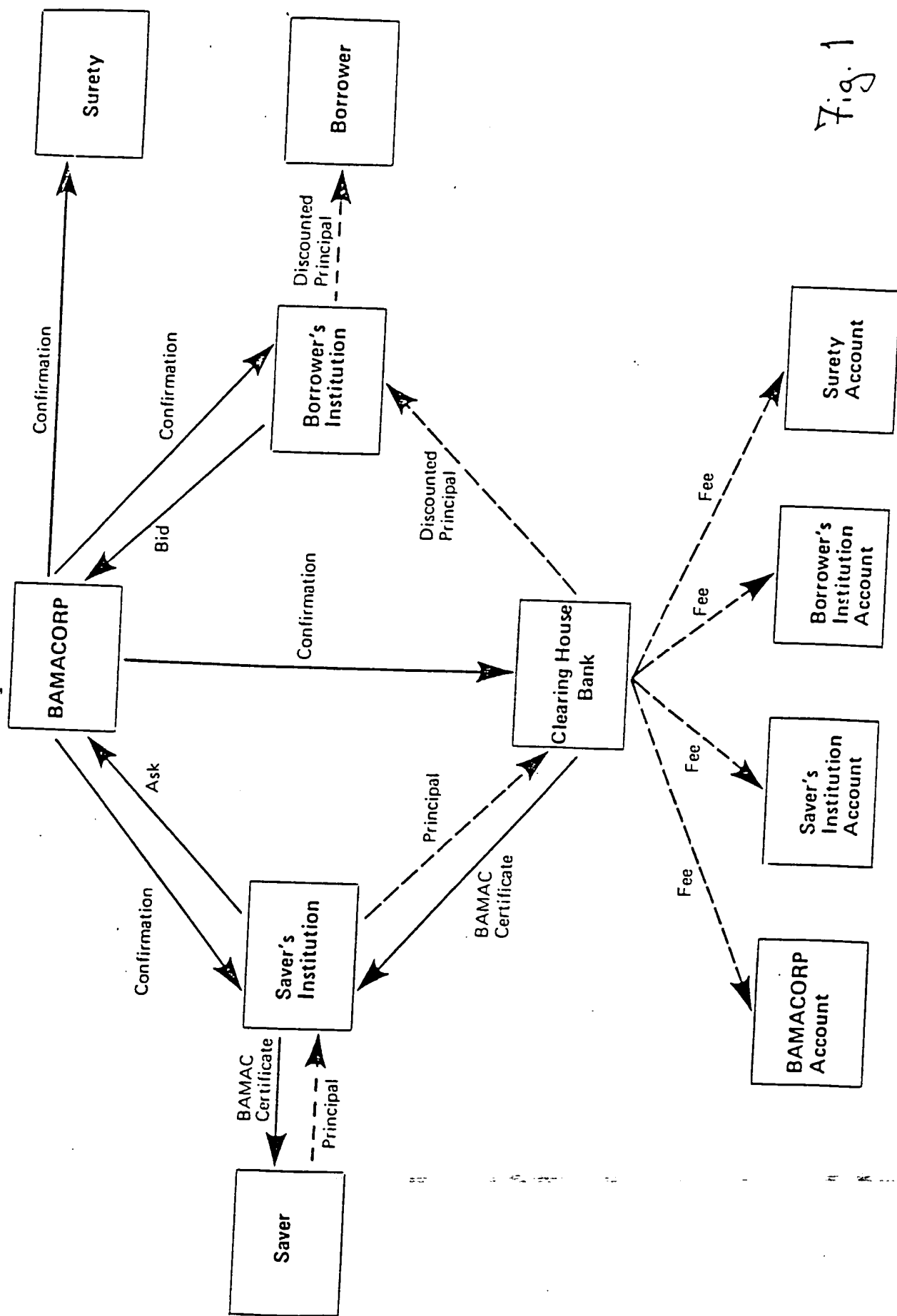


Fig. 1

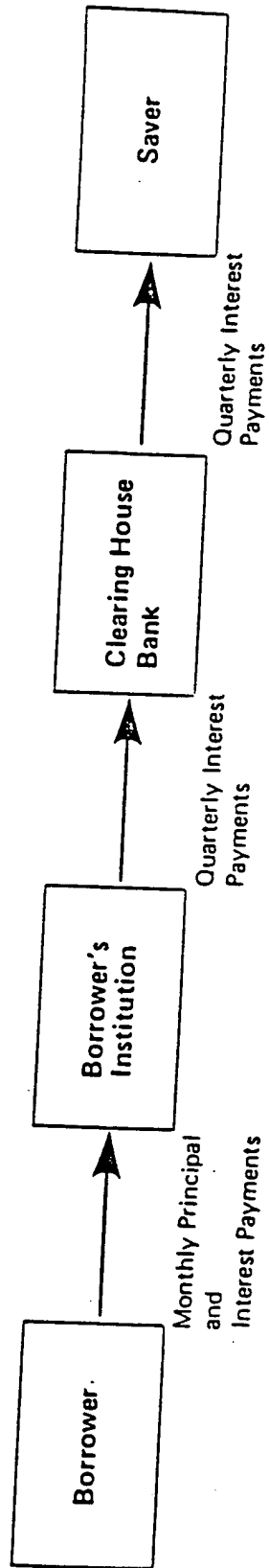


Fig. 2

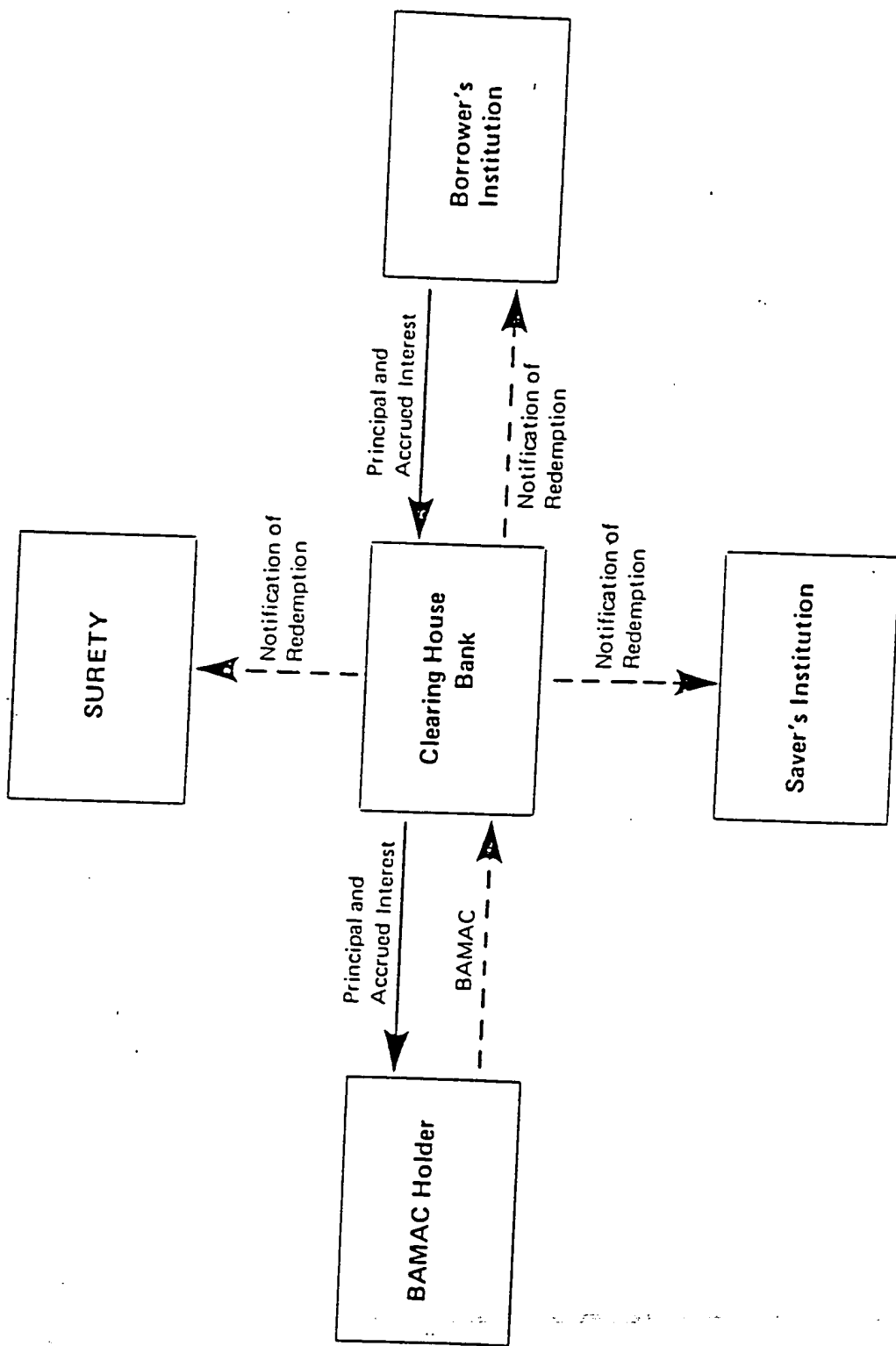


Fig. 3

5

10

Exhibit B

O BAMACORP

BAMACORP

INTRODUCTION

Bankers Auction Market of America (BAMACORP) creates a more efficient mechanism for savers and borrowers to meet. Depository institutions will compete on an equal basis for funds, regardless of size or geographic location while preserving the benefits of their traditional customer relationships. BAMACORP substantially reduces the liquidity risk associated with current banking practices. By using the BAMACORP system, institutions will be able to offer attractive borrowing and investment rates to their customers while also receiving a higher return on capital than traditional lending.

For institutions that qualify, BAMACORP brings an automated transaction service that will match savers and borrowers throughout the world. Transactions are evidenced by promissory notes with fixed interest rates, maturities, and principal amounts in denominations ranging from \$5,000 to \$100,000.

The system is accessed through computer terminals provided by BAMACORP, at no cost to the institutions for the first six months. Each terminal is linked to a state-of-the-art transaction based communications network. Through the BAMACORP system, depository institutions submit a required rate of return (ask price), maturity and dollar amount on behalf of the saver, or a required borrowing rate (bid), maturity and dollar amount on behalf of the borrower. For specific maturities, which range from 1 to 5 years in six month increments, the central processing unit instantaneously matches bids with ask prices in fixed dollar amounts. Cash settlement (on behalf of borrowers and savers) is accomplished through a major clearinghouse bank that is part of the BAMACORP system.

The Bankers Auction Market of America Certificate (BAMAC) is a prime rated negotiable promissory note which is collateralized by the borrower. Principal and interest due to the saver is primarily guaranteed by the borrower's institution. Payment is secondarily guaranteed by a prime-rated surety. The third party which guarantees the BAMAC principal and interest payments is the institution representing the saver. The BAMAC is a contingent liability to the guarantors, and is reserved against only by the borrower's institution.

Payment to BAMACORP for use of the system consists of a cash fee equal to one-half of one percent of the face value of each BAMAC. A cash fee of one percent is also paid to the surety. Both the borrower's bank and the institution representing the saver are free to price competitively their cash fees for each transaction. All fees are paid at the time of settlement and are reflected as discounted principal due the borrower. With every BAMAC placed, the borrower's bank will also have free use of accrued monthly amortization payments made by the borrower into the BAMAC Sterilization Account (non-interest bearing deposit account).

BAMACORP

*overhead
system* In addition to the direct economic benefits listed above, BAMACORP also provides many of the operating functions associated with conventional banking practices. By providing support functions such as an automated clearinghouse and extensive record keeping, BAMACORP reduces the likelihood of losses charged to the bank due to operating errors. BAMACORP also reduces the overhead associated with marketing deposit products, since saver funds can be accessed at the touch of a button. All of this relieves member banks of unnecessary operational burdens, allowing them to offer more competitive rates to their customers or increase their own profitability.

BAMACORP

THE SYSTEM

Institutions qualified to participate in the Bankers Auction Market of America system (see "BAMACORP MARKET" section for participation requirements) will perform in the same capacity as they do now. An institution will still be responsible for evaluating the credit worthiness and collateral of its borrowing customers before it accesses the BAMACORP system. Upon compliance with its credit risk standards, the borrower's institution can query the BAMACORP system for a yield curve comprised of consummated transactions at six month intervals ranging from one to five years. The yield curve serves as a basis for determining the approximate cost of funds for the borrower. The saver's institution will also have the opportunity to query the BAMACORP system for the same information. In this case, the curve represents average rates of return the institution can offer its customers.

Once an institution has determined its competitive strategy on investment of saver funds, it will input the following information through a BAMACORP terminal:

- * Account information (e.g. saver name, address, name of originating institution etc.)
- * A required rate of return (ask price), maturity, principal amount, and its own cash fee for placing funds

Note: Account information is not revealed to either the borrower's or the saver's institution unless a match is made.

An institution seeking such funds will be able to view a list of all ask prices (in percent) and associated cash fees (in basis points) submitted by institutions representing savers. The diagram below is an example of the information available to borrower's institution's:

1 YEAR			1.5 YEARS			2 YEARS		
Prin.	Rate	Fee	Prin.	Rate	Fee	Princ.	Rate	Fee
5000	8.80	64	5000	9.10	60	10000	9.21	59
10000	9.22	53	10000	9.25	45	15000	9.29	62
10000	9.09	58	15000	9.10	30	15000	9.47	48
25000	8.90	69	15000	9.40	50	30000	9.90	67
50000	9.87	60	90000	10.00	31	95000	10.16	45

BAMACORP

From the terminal display, a borrower's institution will choose an offering which provides an adequate return on capital and a competitive borrowing rate for its customer. The institution will then input its account information and an acceptance message. The system confirms the transaction through both the BAMACORP terminal and with a hardcopy printed at each institution. For those offerings which are not matched, the saver's institutions have the option of either leaving their offers on the system or inputting more competitive quotes.

After a bid and ask price are matched and confirmation is received, settlement is then made between saver and borrower. The institution representing the saver receives the principal amount and initiates a funds transfer (through the BAMACORP terminal), using the BAMACORP clearinghouse as agent. The clearinghouse is responsible for reconciling the record of transaction it receives from BAMACORP with the funds transfer advice it receives from the saver's institution. The clearinghouse bank then receives the full face value of the BAMAC and deducts the following:

- * The origination fee paid to the institution representing the saver
- * The placement fee paid to the institution representing the borrower
- * The fee paid to BAMACORP
- * The fee paid to the surety guaranteeing the BAMAC

When the above fees are deducted and credited to the appropriate accounts, the clearinghouse bank distributes (via electronic funds transfer) the residual amount to the institution representing the borrower which then passes the funds to the borrower. Upon settlement, the BAMAC certificate is issued by the clearinghouse to the institution representing the saver.

Throughout the term of the BAMAC, the borrower's bank receives monthly principal and interest payments from the borrower which accrue in the BAMAC Sterilization Account. From this account, interest payments are passed through to the saver on a quarterly basis. The balance of the sterilization account represents interest free investible funds for the borrower's bank over the term of the BAMAC. At maturity, the holder of the BAMAC presents the certificate for redemption at the clearinghouse bank. Upon notification of redemption by the clearinghouse, the borrower's institution initiates a funds transfer for final settlement of the the BAMAC principal and any accrued interest. Appendices A, B and C provide a graphic illustration of the above processes.

BAMACORP

BAMACORP GLOBALIZES CUSTOMER BASE TO REDUCE RISK

BAMACORP comes at a critical time for the banking and thrift industries, because it provides an efficient solution to one of the most important risk-return decisions a depository institution must make: How to balance its supply of funds with demand for funds. When it has more funds than it can lend out, an institution usually lowers the rates paid on deposits in effort to reduce its interest costs. However, because this action could lead to a permanent loss of customers, long-run profitability can be negatively impacted. When an institution has more loan demand than stable deposits to fund the loans, it is exposed to a similar situation. It can either forgoe profitable opportunities (and potentially damage customer relationships), or it can look for riskier, more expensive sources of funding.

Depending upon market conditions, the decision made on these issues can affect an institution in drastically different ways. A striking example of this is the recent collapse of the Continental Illinois Trust Company. In what the American Banker called "the biggest banking setback since 1931", Continental experienced the wholesale equivalent of the classic deposit run on a local bank. The bank's liquidity problems stemmed from its narrow deposit base. As Walter Wriston, the former chairman of Citicorp, described it:

"The first rule in banking is to spread your risk. Continental was rolling over \$35 million in short-term paper every day because it had no consumer base. When regulation limits you to one branch on LaSalle Street, you've got a situation where someone's bound to get into trouble."

The bank's aggressive growth policy extended beyond its ability to fund loans safely through its consumer base (Illinois is a unit banking state). Instead of not making the loans, Continental chose to purchase short-term funds in the foreign interbank market. The resulting maturity imbalance in its balance sheet (i.e. long-term loans funded with short-term liabilities) drastically increased the bank's exposure to interest rate changes and potential liquidity problems.

The BAMACORP system provides several important features which would have averted many of the problems surrounding Continental Illinois' collapse. By permitting split-second access to saver funds around the world, BAMACORP provides banks with an instant consumer base that stretches from coast-to-coast and internationally. Because the BAMACORP system completes transactions based on direct principle and maturity matches, liquidity problems due to maturity imbalances are never created.

BAMACORP

By drastically reducing the need to forecast cash requirements, BAMACORP also reduces amount the of cash reserves an institution must hold in order to meet unexpected cash outflows. Because the BAMAC is a fixed term instrument, the possibility of unplanned withdrawals of funds by savers (e.g. as in the Continental case) is eliminated. Even in the event of a borrower default, an institution has the remainder of the term to maturity to plan its funding needs. With BAMACORP, banking institutions now have an easy, low-cost way to reduce liquidity risk in their portfolios.

BAMACORP

BAMACS GENERATE A HIGH RETURN ON CAPITAL

Profitability in any business should be evaluated in terms of its return on capital since it measures how efficiently a company uses funds provided by equity investors. Returns on equity in the commercial banking and thrift industries have declined 28% and 50% respectively since 1974, as compared to increases of as much as 80% in other industries. (1)

The reason for this decline is that the banking "formula" for intermediation (i.e. taking deposits and making loans) is not as efficient as that of other institutions. Banks are very "balance sheet-intensive" in that they require a high level of income to compensate for risk. Competing institutions which "securitize" debt are vastly more efficient because most risk is transferred to savers and borrowers. By taking on less risk, these institutions can generate higher returns on less capital.

By using the BAMACORP system, an institution needs less capital than a with traditional consumer loan to generate the same level of income. This is because an institution's capital is allocated only as sterilization account payments become investable cash assets over the life of the BAMAC. A loan requires that capital be allocated to the face value as soon as the instrument is originated. The following diagram uses data from Appendix E to compare returns on capital generated from a typical one year consumer loan (15%) and a one year BAMAC (10%) each with a \$10,000 face value:

	BAMAC	LOAN
Interest Income	481	1,345
Non-Interest Income (Fees)	75	0
Interest Expense	0	(635) (2)
Non-Interest Expense	(146) *	(293) (2)
Net Income	410	417
Capital Allocated	739	800
Return on Capital (Net Income divided by Capital Allocated)	56%	52%

* Figure is 50% of non-interest expense for loan

- (1) Industry Norms and Key Business Ratios, Dunn and Bradstreet, New York City 1984
- (2) Figure based on 1983 average net interest expense (6.35%) and non-interest expense (2.93%) for commercial banks: Source - Statistical Information on the Financial Services Industry, American Banker's Association, Washington D.C. 1984

BAMACORP

In addition to making more efficient use of capital, BAMACORP's globalized customer base will permit its member institutions to take full advantage of all fluctuations in their local economies. During periods of slack loan demand, an institution can collect cash fees with minimal risk by placing excess saver funds in areas of the country where there is increased demand for credit. And since the saver's institution does not have to reserve against its guarantee (this has already been done by the borrower's institution), its BAMAC fees compare very favorably with standby letters of credit and other off-balance sheet financial products.

BAMACORP also realizes that, in the future, banks will not be able to exist strictly on interest rate spreads. Competition from a variety of products like Merrill Lynch's Cash Management Account and GMAC financing, have siphoned away savers and quality borrowers. The result has been a permanent decrease in spreads throughout the financial services industry. The banking institutions which will be able to increase their profitability in this highly competitive environment, will be those able to generate a greater volume of business at lower spreads.

The ultimate success or failure of a high volume strategy depends on distribution capability. An institution must have an expanded market presence in order to deliver more attractive rates to its potential customers. However, both the investment in technology and the cost of establishing bank (or non-bank) operations to gain this presence can be prohibitively high, especially for smaller banks.

BAMACORP eliminates the need for this investment by its members. Through the efficiencies of state-of-the-art automation, a bank, thrift or brokerage house can use the BAMACORP system to reach out to profitable markets never before available. By passing on to its customers savings from reduced overhead expenses, a BAMACORP member institution is armed with a product which will stop the erosion of its present customer base and generate profitable new business.

BAMACORP

THE ECONOMIC BENEFITS OF BAMACORP

The economic benefit of the BAMACORP system is demonstrated by comparing the effects of federal anti-branching legislation (the McFadden Act) on competition between large and small banking institutions and how this has distorted the marketplace. The intention of interstate banking legislation is to promote the existence of many smaller banks in order to better serve localized markets. However, by preventing larger institutions from expanding outside of their home states, this legislation has actually created weak firms (many small institutions) in protected markets. As a result, large banks (and other large financial institutions) in their natural desire to increase profits have exploited regulatory weak points and invaded the territory of smaller institutions.

Specifically, through "non-bank" subsidiaries, large institutions can establish deposit gathering or loan production offices throughout the country. Because smaller institutions generally do not have the resources to compete on this level, many have been forced to engage in riskier activities in order to remain profitable. The net effect of this type of competition has increased the overall level of default risk born by the banking industry and the economy in general.

Another glaring inefficiency of regulation is that it discriminates against customers of small institutions. Because their markets are more restricted than larger institutions (i.e. in terms of funds gathering and loan production capability), small banks are limited to the extent by which they can offer higher deposit rates and lower borrowing rates to their customers. As a result, the real victims of anti-branching legislation are the multitude of small savers and borrowers who are unable to take advantage of more competitive bank rates around the country.

BAMACORP for the first time rationalizes the regulatory trade-off between safe banking practice and competitive innovation. By linking institutions from around the country, the system minimizes size as a competitive factor in circumventing anti-branching legislation. In essence, BAMACORP creates a "level playing field" upon which all banking institutions can compete equally. For smaller institutions without the capital resources to develop non-banking operations, BAMACORP offers a powerful tool to increase their market size. For larger institutions, who are still the primary target of regulatory authorities (e.g. regional bank compacts), BAMACORP offers a means to operate in restricted localized markets. Thus, BAMACORP reinforces regulatory objectives by allowing all institutions to continue to serve the markets which they know best in open and fair competition.

The ultimate beneficiaries of increased competition are banking customers who realize more competitive borrowing and lending rates. Again, by using the example from Appendix E, a one-year BAMAC with a 10% face value provides the holder with a 10.37 % yield to maturity. This rate is currently as much as 200 basis points higher than bank certificates of deposit of comparable maturity. This rate also compares very favorably with other instruments of similar risk (average yield for AAA corporate bonds is currently 10.93%) (3). The borrower also has a lower cost of funds since the Annual Percentage Rate on the BAMAC in this example is 14.81% compared to 15.00 % on the loan. Keeping in mind that these higher returns and lower borrowing costs are achieved while preserving the customer relationship, the BAMACORP system simply provides a more profitable and efficient method of financial intermediation than traditional banking.

(3) Moody's Bond Survey, September 2, 1985

THE BAMACORP MARKET

Initially, BAMACORP will focus on the market for collateralized consumer instalment credit at commercial banks, savings and loan associations, mutual savings banks and credit unions. At the end of 1984 this market represented \$253 billion and was comprised primarily of automobile and mobile home loans (\$197 billion combined). The rest of this figure included loans for such items as household appliances and various other consumer goods. This market was chosen because it is currently the least efficient in terms of the limited choices available to savers and borrowers. However, usage of the system can eventually be expanded to service any type of collateralized financing including the residential mortgage, small business and agricultural markets (\$1,332, \$120, \$162 billion respectively) (4).

Only a portion of this \$253 billion market is eligible for placement through the BAMACORP system, because BAMACORP member institutions must meet stricter capital requirements than public regulatory agencies require. Empirical studies have shown that the level of capital at a depository institution has a direct impact on its ability to meet unexpected cash outflows. Capital is also an important indicator of the ability of an institution's creditors (i.e. depositors, noteholders) to recover their investments after a default.

BAMACORP uses, as a basis for its membership criteria, the benchmark capital to assets ratios employed by the Federal Deposit Insurance Corporation (FDIC), the Federal Home Loan Bank Board (FHLB), and the National Credit Union Association (NCUA). BAMACORP adds a fifty percent safety factor to each of these ratios as an extra level of security. The chart on the following page lists the amount of assets within each institutional group which qualify to be placed as BAMACs:

(4) 1985 Financial Facts Yearbook, American Financial Services Association, Washington D.C.

BAMACORP

INSTITUTION	AGENCY CAPITAL REQUIREMENT	BAMACORP CAPITAL REQUIREMENT	QUALIFIED ASSETS (BILLIONS)
Commercial Banks	6.0% (5)	9.0%	\$20
Credit Unions	6.3 (6)	9.1	32
Savings and Loans	3.0 (7)	4.5	8
Mutual Savings Banks	3.0 (8)	4.5	3
Total BAMACORP Market			\$63

- (5) FDIC equity to assets ratio
- (6) NCUA net worth over total assets ratio
(industry average for 1980)
- (7) FHLB net worth over total assets ratio
- (8) FDIC net worth over total assets ratio

BAMACORP

BAMACORP SURETY RISK

As the secondary guarantor for all BAMACs, the BAMACORP surety can earn unprecedented underwriting income with minimal risk. If there were \$1 billion worth of BAMACs underwritten in the first year of operations, the surety could expect to receive \$10 million in premium income while incurring losses of only \$8,800 over five years.

In order for the surety actually to have to pay off a BAMAC, the borrower's institution must be declared insolvent by federal regulatory authorities (with no state or federal rescue), and the borrower must default. In the event that the primary guarantor fails and there is no borrower default, all of the failed institution's BAMACs become the direct responsibility of the surety which will act as receiver. The borrower will continue to make monthly principal and interest payments to the clearinghouse bank which will continue to pass on quarterly interest payments (and principal upon maturity) to the BAMAC holders. For its part as receiver, the surety will have a direct lien on the borrower's collateral and the net worth of the borrower's institution. In addition, the surety will retain all of the benefits of investing the remaining sterilization account payments on its own behalf.

The likelihood of any loss or gain resulting from a default situation is a function of both the probability of a BAMACORP member institution failing and the probability of a borrower defaulting on a BAMAC. BAMACORP estimates the probability of a member institution failing to be equal to the ratio of deposits at failed banks to total deposits at all commercial banks. In 1984, this ratio was .18% (9). However, it should be noted that this probability will be significantly reduced by BAMACORP's more stringent membership requirements.

The probability of a BAMACORP borrower defaulting is much easier to estimate. Since the same credit standards are applied to both BAMACs and consumer loans, the probability should approximate the industry-wide loan loss experience for bank credit (about .4% of assets) (10). The chart on the following page lists the probable losses associated with the worst case default scenario outlined in Appendix D. It also indicates the sensitivity of the two probabilities to factors which are many times greater than the BAMACORP estimates. The probable loss is calculated by multiplying the two probabilities and the worst case net present value (five year BAMAC) found in Appendix D.

(9) Statistical Information on the Financial Services Industry, American Bankers Association, Washington D.C. 1984

(10) see 9

BAMACORP

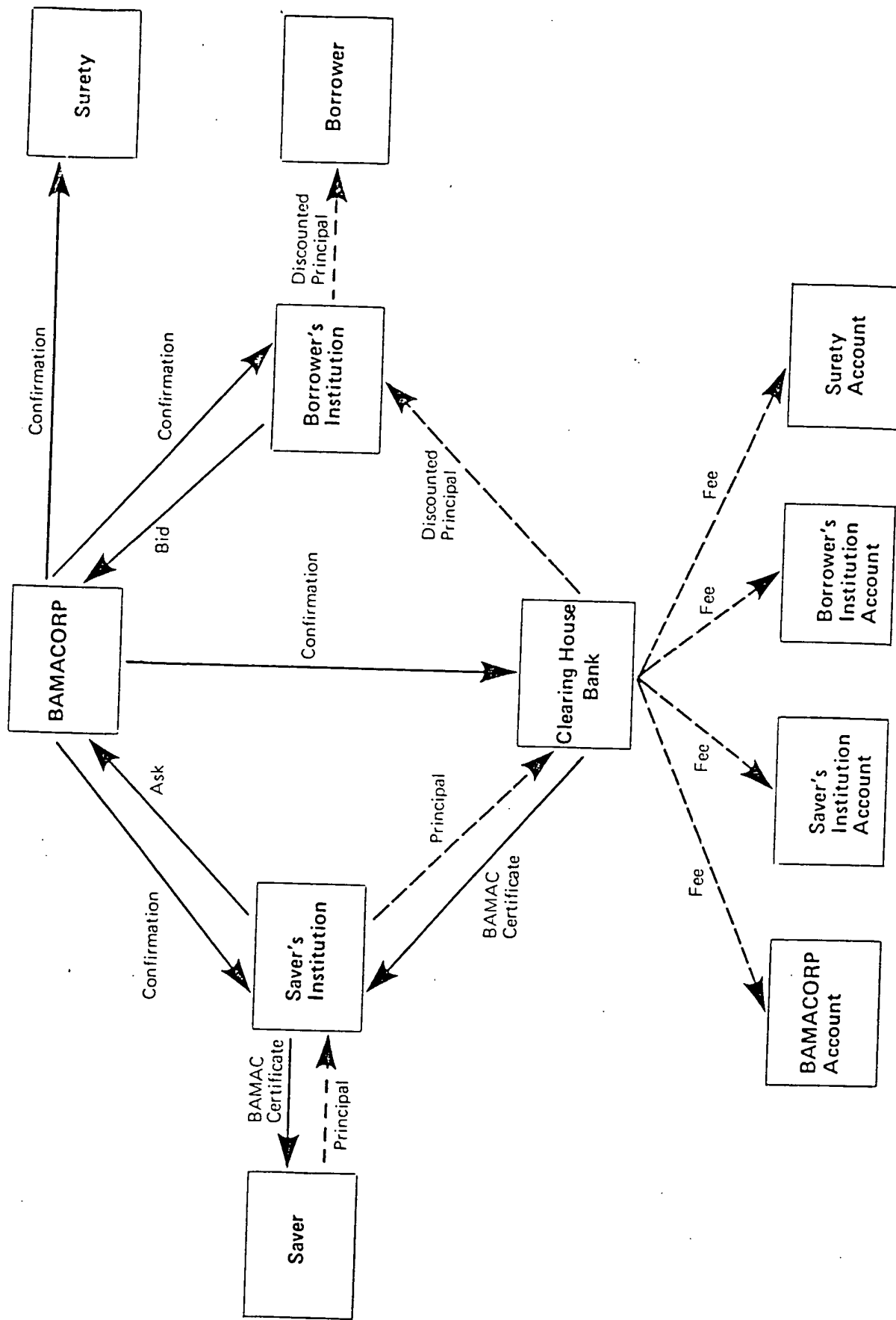
FACTOR	INSTITUTIONAL DEFAULT PROBABILITY	BORROWER DEFAULT PROBABILITY	WORST CASE LOSS	LOSS TO PREMIUM RATIO	41' T 5 YFAK
Industry Average	.18%	.40%	\$8,800	.09%	.45%
10 %	.20	.44	10,800	.10	.50%
100 %	.36	.80	35,200	.35	1.05%
1000 %	1.80	4.00	880,000	8.80	

As the chart illustrates, even if the borrowers and their institutions default at a rate that is ~~one thousand~~ times greater than current levels and the worst case scenario is assumed, the surety will incur losses of less than ~~10%~~ of earned premium income.

FACTOR	INSTITUTIONAL DEFAULT PROBABILITY	BORROWER DEFAULT PROBABILITY	WORST CASE LOSS	LOSS TO PREMIUM RATIO	UP TO 5 YEARS
Industry Average	.18%	.40%	\$8,800	.09%	.45%
10%	.20	.44	10,800	.10	.50
100%	.36	.80	35,200	.35	1.85

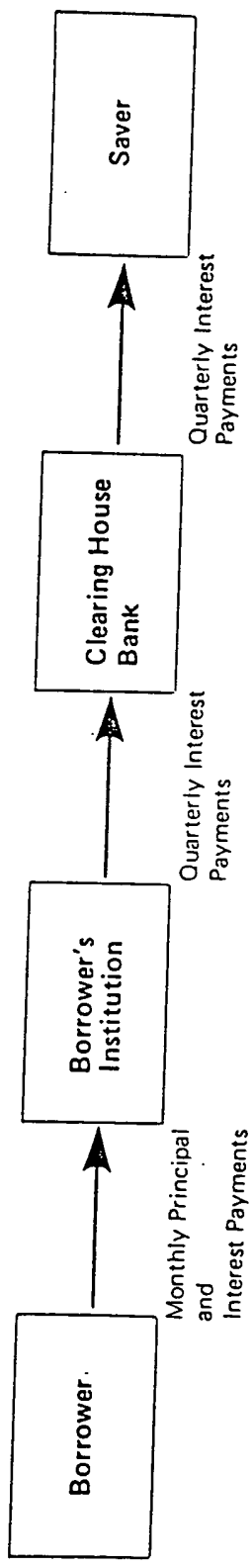
As the chart illustrates, even if the borrowers and their institutions default at a rate that is one hundred times greater than current levels and the worst case scenario is assumed, the surety will incur losses of less than 2% of earned premium income.

Appendix A AUTOMATED MATCHING AND SETTLEMENT



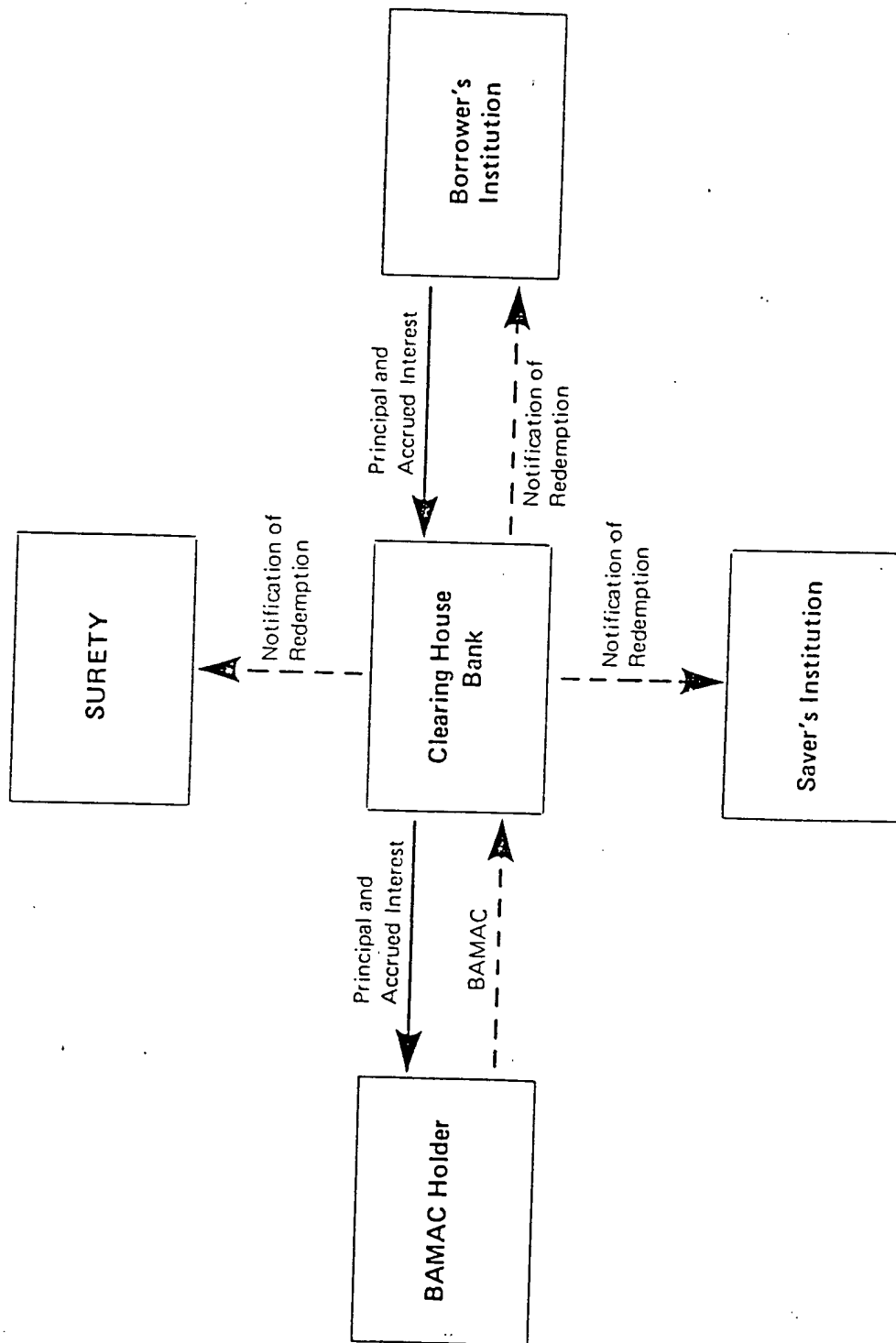


Appendix B MONTHLY AND QUARTERLY PAYMENTS





Appendix C SETTLEMENT UPON MATURITY



BAMACORP

APPENDIX D Evaluating Surety Risk

ASSUMPTIONS

- 1) Cashflows are discounted using a 10% cost of capital for both borrower's institution and surety
- 2) Worst case default NPV results from a concurrent default by both the borrower and the borrower's institution immediately after origination of the BAMAC, coupled with a total loss of collateral and accrued sterilization account funds
- 3) Most likely NPV is the average of the best case and worst case NPVs
- 4) Best case default NPV results from a concurrent default by both the borrower and the borrower's institution just before BAMAC maturity, coupled with immediate sale of collateral at book value and immediate receipt of accrued sterilization account funds from failed institution
- 5) BAMAC principal assumes \$1 billion outstanding
- 6) All collateral is depreciated on a straight line basis over five years

VARIABLES FOR NPV CALCULATIONS

- x = number of compounding periods that elapse between origination of BAMAC and institutional default
- y = number of compounding periods that elapse between institutional default and receipt of accrued sterilization account funds by surety
- z = number of compounding periods that elapse between institutional default and borrower default
- m = total number of monthly sterilization account payments (compounding periods) for a BAMAC of specific maturity
- q = total number of quarterly interest payments (compounding periods) made to savers for a BAMAC of specific maturity
- c = number of compounding periods that elapse between the origination of the BAMAC and the sale of the collateral

BAMACORP

b = number of compounding periods that elapse between the origination of the BAMAC and the borrower default

quarterly payment = dollar amount of quarterly interest payments made to BAMAC holders

NET PRESENT VALUE FORMULA

$$\begin{aligned}
 \text{NPV(SURETY LOSS OR GAIN)} = & \text{(PVIFA)} \quad \text{sterilization account payments made between institutional default and borrower default} + \\
 & \text{(PVFS)} \quad \text{receipt of accrued steril. account funds from failed institution} + \text{(PVFS)} \quad \text{sale of collateral at book value after borrower default} - \\
 & \text{(PFIFA)} \quad \text{quarterly. interest payments after institution default} - \text{(PVFS)} \quad \text{principal repayment after institution defaults}
 \end{aligned}$$

$$\begin{aligned}
 \text{NPV} = & \text{PVIFA}(1, 10\%/n, z) + \text{PVFS}\{\text{PVIFA}(1, 10\%/n, x), 10\%, y\} + \\
 & + \text{PVFS}\{1-(1/60)c, 10\%/n-c, n-b\} \\
 & - \text{PVIFA}(\text{quarterly payments}, 10\%/q-x, q-x) - \text{PVFS}(1, 10\%/n-x, n-x)
 \end{aligned}$$

NET PRESENT VALUE OF VARIOUS DEFAULT SITUATIONS

Term	Match Rate	Total BAMACs Insured (millions)	Worst Case NPV (millions)	Most Likely NPV (millions)	Best Case NPV (millions)
1	11.5%	\$1,000	-\$98	-\$127	\$730
2	12.0	1,000	-1,016	-206	572
3	12.5	1,000	-1,064	-349	397
4	13.0	1,000	-1,143	-460	206
5	13.5	1,000	-1,222	-587	32

BAMACORP

APPENDIX E BAMAC - Loan Comparison

ASSUMPTIONS

DISCOUNT RATE	=	6.4 %	(11)
INVESTMENT RATE	=	9.6 %	(12)
BAMAC MATCH RATE	=	10.0%	
LOAN RATE	=	15.0%	
SAVER'S INSTITUTION FEE	=	25	basis points
BORROWER'S INSTITUTION FEE	=	75	basis points
BAMACORP FEE	=	50	basis points
SURETY FEE	=	100	basis points

BAMAC RETURN TO BORROWER'S INSTITUTION

Period	Monthly Cashflows	Investable Funds	Investment Income
1	879	879	7
2	879	1758	14
3	629	2387	19
4	879	3267	26
5	879	4146	33
6	629	4775	38
7	879	5654	45
8	879	6533	52
9	629	7162	57
10	879	8042	64
11	879	8921	71
12	629	9550	76
NPV	= 9234		481
Allocated =	739 (8% x 9234)		
Capital			

(11) Figure based on 1983 average interest expense (6.35%) for commercial banks: Source - 1984 Statistical Information on the Financial Services Industry, American Banker's Association, Washington D.C. 1984

(12) Figure based on 1983 average interest income (9.55%) for commercial banks: Source - see (11)

BAMACORP

LOAN RETURN TO BORROWER'S INSTITUTION

	Monthly Cashflows	Interest Portion of Payment	Investable Funds	Investment Income	Total Income
1	903	125	900	7	132
2	903	115	1806	14	129
3	903	105	2708	22	127
4	903	95	3610	29	124
5	903	85	4513	36	121
6	903	75	5415	45	120
7	903	64	6318	50	114
8	903	54	7221	58	112
9	903	43	8123	65	108
10	903	33	9026	72	105
11	903	22	9928	79	101
12	903	11	10831	86	97

Allocated Capital = $800(8\% \times 10000)$

NPV = 1345

BORROWER'S COST OF FUNDS

Period	BAMAC Cashflows	Loan Cashflows
0	9750	10000
1	-879	-903
2	-879	-903
3	-879	-903
4	-879	-903
5	-879	-903
6	-879	-903
7	-879	-903
8	-879	-903
9	-879	-903
10	-879	-903
11	-879	-903
12	-879	-903

Annual = 14.81%
% Rate

15.00%

BAMACORP

SAVER'S YIELD FROM BAMAC

Period	Cashflows
0	-10000
1	250
2	256
3	263
4	10269
Yield =	10.37%

5

10

Exhibit C

FORM PTO-1449 TO BE FILED WITH INFORMATION DISCLOSURE STATEMENT

Sheet 1 of 1

FORM PTO-1449 U.S. DEPARTMENT OF COMMERCE

ATTY. DOCKET NO. 2110/12/99

SERIAL NO.

(Rev. 2-92) PATENT AND TRADEMARK OFFICE

APPLICANT Leo Kayser III

INFORMATION DISCLOSURE

STATEMENT BY APPLICANT

FILING DATE

GROUP

(Use several sheets if necessary)

U.S. PATENT DOCUMENTS

EXAMINER	DOCUMENT NO.	DATE	NAME	CLASS	SUBCLASS	FILING DATE
Tramell	6,018,721	1/25/00	Aziz et al	705/35	705/35	05/19/97
Peeso	5,995,947	11/30/99	Fraser et al	705/38	705/35	09/12/97
MacDonald	5,966,699	10/12/99	Zandi	705/38	705/1	10/11/96
Peeso	5,890,140	03/30/99	Clark et al	705/35	395/239	06/07/95
Cosimano	5,878,403	03/02/99	DeFrancesco	705/38	705/35	09/12/95
Hayes	5,832,462	11/03/98	Midorikawa	705/35		03/01/94
Poinvil	5,797,133	08/18/90	Jones et al	705/38	705/35	02/03/97

FOREIGN PATENT DOCUMENTS

DOCUMENT NO.	DATE	COUNTRY	CLASS	SUBCLASS	TRANSLATION
--------------	------	---------	-------	----------	-------------

OTHER DOCUMENTS (Including Author, Title, Date, Pertinent Pages, Etc.)

Examiner	Date Considered

EXAMINER: Initial if citation considered, whether or not citation is in conformance with MPEP 609; Draw line through citation of not in conformance and not considered. Include copy of this form with next communication to applicant.

WHAT IS CLAIMED IS:

Provisional Claim 1. An automated system for the matching and settlement of borrowers
5 and savers, comprising:

at least one savers' institution authorized to receive depositors' funds and invest those
funds;

10 at least one borrowers' institution authorized to evaluate and approve loans to
qualified borrowers, and service said loans, collecting principal and interest
payments, until repaid;

15 a computer-based matching component:

to receive information from said at least one savers' institution identifying funds
available for investment and the acceptable terms, including a term and interest rate,
required for the investment of said funds;

20 to receive information from said at least one borrowers' institution seeking funds
against the security of loans made by said borrowers' institution, and the acceptable
terms, including a term and interest rate, offered for the investment of said funds; and,

25 to match a specific savers' institution's funds availability with a specific borrowers'
institution's need for funds, and, particularly, the acceptable terms, including a term
and interest rate, for the investment of said funds, and issue an confirmation to all
parties to the system; and,

30 a clearinghouse bank settlement component which can, upon receipt of a confirmation
of the match of a specific savers' institution availability of funds and a specific
borrowers' institution need for funds:

35 issue to said specific savers' institution its Certificate in return for the transfer of
funds representing the Principal of the investment from said specific savers'
institution;

deduct from said Principal any fees attributable to any of:
said specific savers' institution,
said specific borrowers' institution,
40 said computer-based matching component, and
said clearinghouse bank settlement component
for making the transaction, leaving a Discounted Principal as a net
investment amount;

45 transfer to said specific borrowers' institution said Discounted Principal;

receive from said specific borrowers' institution quarterly payments of interest on the investment and transmit said payments to said specific savers' institution; and,

5 at the conclusion of the term of the investment, receive from said specific borrowers' institution, the return of the Principal funds, and transmit said Principal funds to said specific savers' institution in return for the surrender of the issued Certificate.

Provisional Claim 2. The automated system of Claim 1, further comprising a surety component to

10

receive Confirmation from said computer-based matching component;

15

act as guarantor on the obligations represented by said Certificate issued to said specific savers' institution by said clearinghouse bank settlement component; and,

20

receive a fee for its services from said clearinghouse bank settlement component as a deduction from said Principal before transfer of said Discounted Principal to said specific borrowers' institution.

ATTACHMENT #2.0



November, 1985

ATTACHMENT #3.0

Form of Offer to Purchase Shares

December 14, 1984

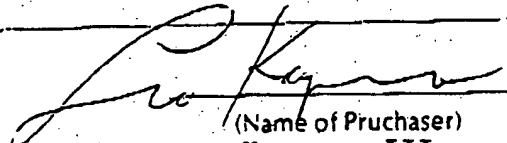
(Date)

To the Board of Directors of

BANKERS AUCTION MARKET OF AMERICA CORP.

The undersigned hereby offers to purchase Fifty (50) (Number)

shares of Capital stock at an aggregate purchase price of \$20 per share plus the transfer
to the corporation as a corporate opportunity of the concept for the
project described in the attached exhibit.


(Name of Purchaser)
Leo Kayser, III

The Chairman presented to the meeting a certain written offer from _____
dated _____, to purchase shares of the Corporation. Upon motion duly made,
seconded and unanimously carried, it was

RESOLVED, that the written offer from _____,
dated _____, to purchase shares of this
Corporation is hereby accepted on behalf of the Corporation; and
further

RESOLVED, that upon receipt of the consideration therefor, the
Corporation issue to _____
a certificate representing _____ shares
of the Capital stock; and further

RESOLVED, that the shares so issued shall be treated as fully paid
and non-assessable, and that the value of the aforesaid considera-
tion shall be _____
and further

RESOLVED, that the officers of the Corporation are hereby
authorized and directed to execute and deliver any instruments
required to consummate the foregoing transaction.

EXHIBIT A

The BAMA concept relates to an Auction Market wherein banks and other entities act as agents for borrowers and lenders. Through a state of the art computer system network, potential borrowers and potential lenders are put in direct contact with one another through an auction process set forth on the computer screen. The banks act as guarantors for the promissory paper generated as a result of the closed transaction.

It is understood that this concept as set forth above is in the most general form and that there is greater detail to it to be provided under the non-disclosure statement.

ATTACHMENT #4.0

03/30/2000 17:07 2129356424

KAYSER REDFERN
PRAGMATICS

PAGE 02/05
PAGE 01

05/25/1995 02:04 212-925-8641

212 925 8641

Tel: 212 925 5505

John
Bamcor
FAX COVER SHEET

TO: LEO KAYSER

FROM: Kurt Flamer-Caldera.

DATE:

10/21/96

Number of pages including this: 5

LEO PLEASE DO NOT TYPE IN TYPERATEX
PLEASE STORE DIGITALLY ON COMPUTER DISC
TO ENABLE LAYOUT

391 6917

1

BAMACORP

AN AUTOMATED HIGH PROFIT MATCHING SYSTEM FOR BORROWERS + SAVERS.

Q. WHAT IS BAMACORP?

- A. BAMACORP (BANKERS AUCTION MARKET OF AMERICA) PROVIDES AN AUTOMATED TRANSACTION SERVICE THAT MATCHES SAVERS AND BORROWERS THROUGHOUT THE WORLD.

Q. WHAT DOES BAMACORP DO?

- A.
- DEPOSITORY INSTITUTIONS SUBMIT A REQUIRED RATE OF RETURN (ASK PRICE), MATURITY, AND DOLLAR AMOUNT ON BEHALF OF THE SAVER OR A REQUIRED BORROWING RATE (BID), MATURITY AND DOLLAR AMOUNT ON BEHALF OF THE BORROWER.
 - FOR SPECIFIC MATURITIES RANGING FROM 1-5 YEARS IN 6 MONTH INCREMENTS, THE BAMACORP CENTRAL PROCESSING UNIT INSTANTANEOUSLY MATCHES BIDS WITH ASK PRICES IN FIXED LOAN AMOUNTS. CASH SETTLEMENT BETWEEN BORROWERS AND SAVERS IS ACHIEVED THROUGH A CLEARINGHOUSE BANK WITHIN THE BAMACORP SYSTEM.

Q. HOW DOES BAMACORP'S SYSTEM WORK?

- A.
- BAMACORP ISSUES A CERTIFICATE CALLED A BAMAC. THIS IS A PRIME RATED NEGOTIABLE PROMISSORY NOTE WHICH IS COLLATERIZED BY THE BORROWER.
 - PRINCIPAL AND INTEREST DUE THE SAVER IS GUARANTEED IN 3 TIERS IN THE FOLLOWING ORDER:
 - 1) THE BORROWERS INSTITUTION
 - 2) A PRIME RATED SURETY OR GUARANTOR INSTITUTION
 - 3) THE SAVERS INSTITUTION.
 - THE BAMAC IS A CONTINGENT LIABILITY TO THE GUARANTORS AND IS RESERVED AGAINST ONLY BY THE BORROWERS INSTITUTION.

~~HOW IT WORKS~~ (CONTINUED)

- o PAYMENT TO BAMACORP CONSISTS OF A CASH FEE BASED ON A PERCENTAGE OF EACH BAMAC. THE SURETY ALSO RECEIVES A CASH FEE BASED ON A PERCENTAGE OF EACH BAMAC. BOTH THE BORROWERS AND SAVERS INSTITUTIONS ARE FREE TO COMPETITIVELY MAKE THEIR PER TRANSACTION CASH FEES. ALL FEES ARE PAID AT SETTLEMENT TIME AND ARE REFLECTED AS DISCOUNTED PRINCIPAL DUE THE BORROWER.

~~HOW IT WORKS~~

- o QUALIFIED INSTITUTIONS WILL PERFORM IN THE SAME MANNER THEY CURRENTLY DO (E.G. EVALUATING CREDIT WORTHINESS + COLLATERAL OF ITS BORROWING CUSTOMERS PRIOR TO ACCESSING THE BAMACORP SYSTEM)
- o THE BORROWER'S INSTITUTION CAN QUERY THE BAMACORP SYSTEM FOR A YIELD CURVE OF CONSUMMATED TRANSACTIONS AT 6 MONTH INTERVALS RANGING FROM ONE TO FIVE YEARS. THE SAVER'S INSTITUTION WILL HAVE THE SAME OPPORTUNITY.
- o ONCE A SAVER'S INSTITUTION HAS DETERMINED ITS STRATEGY ON INVESTMENT OF SAVER'S FUNDS IT WILL INPUT BASIC DATA THROUGH A BAMACORP TERMINAL.
 - ☐ ACCOUNT INFORMATION (E.G. SAVER NAME, ADDRESS, NAME OF ORIGINATING INSTITUTION, ETC.)
 - ☐ A REQUIRED RATE OF RETURN (ASK PRICE), MATURITY, PRINCIPAL AMOUNT & ITS FEES FOR PLACING FUNDS
 - ☐ NO ~~THE~~ ACCOUNT INFORMATION IS REVEALED UNLESS A MATCH IS MADE.
- o FROM THE TERMINAL DISPLAY, A BORROWER'S INSTITUTION WILL CHOOSE AN OFFERING WHICH PROVIDES A DESIRED RETURN ON CAPITAL AND A COMPETITIVE CUSTOMER BORROWING RATE.
- o THE SYSTEM CONFIRMS THE TRANSACTION THROUGH BOTH THE BAMACORP TERMINAL AND WITH HARD COPY PRINTED AT EACH INSTITUTION
- o FOR UNMATCHED OFFERINGS THE SAVER'S INSTITUTION HAS THE OPTION OF LEAVING THE CURRENT OFFER ON THE SYSTEM OR INPUTTING MORE COMPETITIVE QUOTES
- o AFTER A BID AND ASKED PRICE ARE MATCHED AND CONFIRMATION IS RECEIVED, SETTLEMENT IS THEN MADE BETWEEN SAVER & BORROWER
- o THE INSTITUTION REPRESENTING THE SAVER RECEIVES THE PRINCIPAL AMOUNT AND INITIATES AN ELECTRONIC FUNDS TRANSFER THROUGH THE BAMACORP CLEARING HOUSE AS AGENT. THE CLEARINGHOUSE RECONCILES THE ENTIRE TRANSACTION AND ~~THE~~ RECEIVES THE FULL VALUE OF THE BAMAC AND DEDUCTS THE FOLLOWING:
 - ☐ ORIGINATION FEE TO SAVER'S INSTITUTION
 - ☐ PLACEMENT FEE TO BORROWER'S INSTITUTION
 - ☐ THE SURETY FEE GUARANTEEING THE BAMAC
 - ☐ THE BAMACORP FEE

3

Q WHAT ARE THE ECONOMIC BENEFITS FOR PARTICIPATING INSTITUTIONS?

- A.
- o FEES DESCRIBED ABOVE.
 - o BAMACORP PROVIDES MANY OF THE OPERATING FUNCTIONS CURRENTLY USED IN CONVENTIONAL BANKING PRACTICES (INCREASING EFFICIENCIES)
 - o BAMACORP PROVIDES SUPPORT FUNCTIONS SUCH ^{AS AN} AUTOMATED CLEARINGHOUSE AND RECORD KEEPING. BANK LOSSES FROM OPERATING ERRORS ARE REDUCED.
 - o REDUCTION OF MARKETING OVERHEAD SINCE SAVER FUNDS ARE AUTOMATICALLY ACCESSED.
 - o HIGH RETURN ON CAPITAL
 - o BAMACORP GLOBALIZES CUSTOMER BASE TO REDUCE RISK.

Q WHAT ARE INDIRECT BENEFITS TO PARTICIPATING INSTITUTIONS?

- A.
- o BAMACORP PROVIDES BANKS WITH AN INSTANT CONSUMER BASE THAT STRETCHES NATIONALLY + INTERNATIONALLY.
 - o LIQUIDITY PROBLEMS DUE TO MATURITY IMBALANCES ARE PREVENTED.
 - o BAMACORP REDUCES REQUIRED CASH RESERVES
 - BAMAC IS A FIXED TERM INSTRUMENT ELIMINATING THE POSSIBILITY OF UNPLANNED WITHDRAWALS.
 - IF A BORROWER DEFAULTS, THE INSTITUTION HAS THE REMAINDER OF THE TERM TO MATURITY TO PLAN ITS FUNDING NEEDS.
 - o A BAMACORP MEMBER INSTITUTION WILL HAVE A PRODUCT WHICH WILL STOP CURRENT CUSTOMER BASE EROSION AND GENERATE PROFITABLE NEW BUSINESS.
 - o BAMACORP CREATES A LEVEL PLAYING FIELD WHERE LARGE + SMALL BANKS CAN COMPETE AT PARITY.

Q WHAT ARE SOFTWARE PROVIDER ~~AND~~ RESPONSIBILITIES?

- A.
- o DESIGN DEVELOP AND IMPLEMENT ALL SYSTEM COMPONENTS REQUIRED TO DELIVER BAMACORP (SOFTWARE + HARDWARE)
 - o INSURE ONGOING OPERATIONAL INTEGRITY OF SYSTEM (INCLUDING ANTI-VIRUS + OTHER FORMS OF SABOTAGE BOTH INTENTIONAL AND UNINTENTIONAL)
 - o INSURE ONGOING OPERATION OF SYSTEM AT BAMACORP HEADQUARTERS AND ON-SITE (GUARANTOR/MEMBER BANKS WHEN NECESSARY)
 - o PROVIDE SERVICE QUALITY TO ALL PARTICIPATING INSTITUTIONS WHENEVER REQUIRED.
 - o PROVIDE AND IMPLEMENT SYSTEM MODIFICATIONS WHENEVER TECHNOLOGY ADVANCEMENTS REQUIRE.

④

Q. WHAT IS COMPENSATION AVAILABLE FOR SOFTWARE/SYSTEM PROVIDER?

A. • EQUITY OPPORTUNITY TO BE NEGOTIATED.

• PERFORMANCE REQUIREMENTS

□ ACHIEVING TIMETABLE MILESTONES

□ ABILITY TO PERFORM TO OBJECTIVES

ATTACHMENT #5.0

NON-DISCLOSURE AGREEMENT

This Agreement between JOSEPH ALTSCHULER ("Altschuler") and any persons or entities controlled directly or indirectly by it and BANKERS AUCTION MARKET OF AMERICA CORP. ("Bamacorp") is entered into for the purpose of non-disclosure relating to its Memorandum dated November 1985, and documents pertaining thereto.

1. Non-Disclosure. Altschuler agrees as follows:

a) specification, drawings, sketches, models, samples, data, computer programs or documentation or other technical or business information in written, graphic or other tangible form furnished, discussed or disclosed by Bamacorp, its officers, directors or employees, to Altschuler shall be deemed the property of Bamacorp, and the information and all copies thereof shall be returned to Bamacorp upon request ("Information").

b) Altschuler acknowledges that the information is proprietary to Bamacorp and has been developed as a trade secret at Bamacorp's expense. Altschuler agrees that he shall hold and use the Information in the same manner as he deals with his own proprietary information and trade secrets and that he shall not divulge, nor permit any of his employees, agents or representatives to divulge any data or information with respect to the Information or the programs and technologies embodied therein or any other documentation, models, descriptions, forms, instructions or other information relating thereto. If Altschuler or any of his employees, agents or representatives, shall attempt to use or dispose of the Information or any of its

aspects or components or any duplications or modification thereof, without the express written consent of Bamacorp, Bamacorp shall be entitled to injunctive relief enjoining such acts or attempts, it being acknowledged that legal remedies alone are inadequate. Bamacorp shall be entitled to its costs and attorneys fees in the event of any successful prosecution of a breach of this Agreement.

c) The Information furnished shall be used only for the purposes expressed above and may be used for other purpose only upon such terms and conditions as may be mutually agreed upon in writing.

BANKERS AUCTION MARKET OF AMERICA CORP.

By:


LEO KAYSER, II
President


JOSEPH ALTSCHULER

Date: 8/1/86

**This Page is Inserted by IFW Indexing and Scanning
Operations and is not part of the Official Record**

BEST AVAILABLE IMAGES

Defective images within this document are accurate representations of the original documents submitted by the applicant.

Defects in the images include but are not limited to the items checked:

- ☐ **BLACK BORDERS**
- ☐ **IMAGE CUT OFF AT TOP, BOTTOM OR SIDES**
- ☐ **FADED TEXT OR DRAWING**
- ☐ **BLURRED OR ILLEGIBLE TEXT OR DRAWING**
- ☐ **SKEWED/SLANTED IMAGES**
- ☐ **COLOR OR BLACK AND WHITE PHOTOGRAPHS**
- ☒ **GRAY SCALE DOCUMENTS**
- ☐ **LINES OR MARKS ON ORIGINAL DOCUMENT**
- ☐ **REFERENCE(S) OR EXHIBIT(S) SUBMITTED ARE POOR QUALITY**
- ☐ **OTHER: _____**

IMAGES ARE BEST AVAILABLE COPY.

As rescanning these documents will not correct the image problems checked, please do not report these problems to the IFW Image Problem Mailbox.